

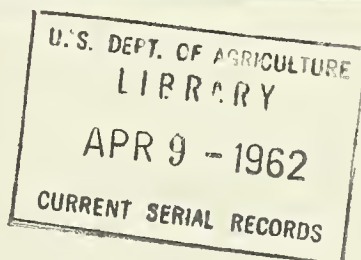
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Foreign Agricultural Service Washington D.C.



LIVESTOCK AND MEATS
FLM 3-62
March 1962

EUROPEAN COMMON MARKET

PROPOSALS FOR PORK

The European Common Market recently released the details of its common agricultural policy for several commodity groups, as has been provisionally agreed among the Member States.

This policy for pork, which follows, is a translation from the original French text. Footnotes have been added to clarify certain statements. The text of policy as finally agreed among the Member States will be issued as soon as available.

REGULATION NO. 1/ PROVIDING FOR A SYSTEM OF LEVIES AND THE GRADUAL ESTABLISHMENT OF A COMMON MARKET FOR PORK

The Council of the EEC,

In view of the provisions of the Treaty and particularly its articles 42 and 43 2/:

In view of the proposal of the Commission; and

In view of the decision of the European Parliamentary Assembly,

Considering that the functioning and the development of the common agricultural market shall be accompanied by a common agricultural policy which should include a common organization of agricultural markets for individual products;

1/ No number has been assigned to the provisional regulation.

2/ Article 42 relates to the application of rules of competition to trade in agricultural products. Article 43 relates to the formation of a common agricultural policy. Agreement on such policy is to be reached by the Council of Ministers acting, during the first eight years, by means of a unanimous vote.

Considering that pork production is an important factor in agricultural income and that it must be profitable; that it is in the interest of producers as well as processors and consumers to reduce as much as possible price fluctuations; that it is necessary to attempt to have an equilibrium between the supply of and demand for pork within the community taking into account exports and imports;

Considering that trade in agricultural products among the member states is impeded by a series of different obstacles such as tariffs, taxes having the same effect, minimum prices, quotas and other quantitative restrictions, the progressive abolition of which during the transition period would follow different rules and schedules in the absence of harmonizing action on the part of the Community; that, on the other hand, a uniform device applied to intra-Community trade permits the progressive and parallel abolition of restrictions in all member countries at the rate at which the common agricultural policy will be gradually established;

Considering that such a uniform measure at the frontier replacing all the differing national measures ought, on the one hand, to assure adequate support of the agricultural markets of the member countries and, on the other hand, permit the progressive establishment of a single market making possible free trade within the Community;

Considering that this situation may be reached through a system of intra-Community levies composed of two parts: the first corresponding to the incidence on the cost of feed per unit of product, of the difference between the price of feedgrains in the exporting member country and the importing member country in order to prevent imports from countries with low feedgrain prices from disturbing the markets of countries with higher prices; and the second aiming to protect the processing industry in order to permit its progressive adjustment;

Considering that it is nevertheless necessary to add to this fixed levy, as long as it is applied, a supplementary amount if the offer price of imports from a member country become abnormally low;

Considering that the substitution of intra-Community levies in place of other measures, destined to disappear during the transitory period according to the Treaty, would be contrary to the principle of the progressive establishment of a Common Market if it was not contemplated that at the same time they would be progressively reduced;

Considering that, in order to bring about this reduction, it is justifiable to reduce, together with the adjustment of grain prices, that part of the levy corresponding to the incidence of the difference of such grain prices on the cost of feed, and to reduce the remaining part automatically and progressively;

Considering that the introduction of a new measure of protection at the internal frontiers of the Community, giving guarantees to producers of member countries is justified by the provision of the Treaty only if it replaces all other measures of protection now available to the member countries;

Considering that the system to be introduced ought to permit the maintenance of the preference in favor of members which follows from the application of the Treaty that this can be accomplished by the establishment of levies on the imports coming from third countries which take into account the incidence on feeding costs, of the differences in feedgrain prices in the world market, and in member countries and by adding a supplementary element which increases progressively until it reaches an amount equal to 7 percent of the average price on the world market; that to this levy towards third countries a supplementary amount has to be added, if the offer price on the world market becomes abnormally low;

Considering that the introduction of a system of levies toward third countries gives guarantees to the producers of the member countries and hence permits them to forego all other measures of protection;

Considering that the system of levies conforming to the objectives of Article 45 ^{3/} of the Treaty permits the development of intra-Community trade while giving guarantees to producers of member countries and thus makes this article inapplicable;

Considering that the operation of the system of levies requires that the clauses of the Treaty, permitting the abolition of support measures incompatible with the Common Market, be extended to such measures of support which distorts the mechanisms of the system; that nevertheless, in the case of exports from a member country which applies intra-Community levies to another member country, it is justifiable to make a certain refund on the basis of the factors which enter price formation in the exporting and importing member countries;

Considering that in order to safeguard the participation of member countries in world trade in pork, members should be permitted on the export to third countries to make a refund corresponding to the incidence of the differences in the cost of grain as well as a supplementary amount fixed according to Community procedure;

Considering that the practices of trade for processing purposes are incompatible with the application of the levy system and lead to a situation whereby intra-Community trade in processed products containing imported basic raw materials takes place on the basis of world market prices as far as basic products are concerned;

Considering that in order to facilitate the making of the planned arrangements there should be a procedure for consultation among the member countries assuring a close cooperation between them and the Commission;

Considering that it seems opportune that the common organization in the pork sector be fully established at the end of the period of transition;

^{3/} Article 45 deals with the development of exchanges designed to guarantee producers in certain Member States a sale of their production.

Has decided on the following rules:

Article 1

In order to assure the gradual development of the Common Market and the common agricultural policy; there is to be gradually established a Common Market organization in the pork sector, comprising a system of levies applicable to trade between the member countries, as well as between the member countries and third countries for the following products:

Number of Tariff Schedule of European Community

- | | | |
|----|-----------------|--|
| a) | 01.03 A II | Live animals of porcine species, domestic types other than purebred breeding stock. |
| | 02.01 A III a | Meat of domestic porcine species. |
| | * ex 02.01 B II | Pork offal. |
| | ex 02.05 | Fat back including pork grease not pressed or melted, excluding fat back containing lean particles (streaked), fresh, refrigerated, frozen, salted or in brine, dried or smoked. |
| | 02.06 B | Meat and edible offal of pork, salted or in brine, dried or smoked. |
| | 15.01 A II | Lard and other pork greases pressed or melted, other than those for industrial use. |
| b) | * ex 16.01 | Fresh sausage, dry sausage and like sausage from meat, offal or blood containing pork. |
| | * ex 16.02 A II | Other preparations and preserves containing pork liver. |
| | ex 16.02 B II | Other preparations and preserves of meat or offal containing pork. |

Article 2

1. The amount of intra-Community levies is fixed by Articles 3 and 4. This amount is reduced according to Article 13.

2. The amount of levies toward third countries is fixed by Article 5. This amount is modified pursuant to Article 5, paragraph 1(a) last sentence and sub-paragraph (c) last sentence and the provisions of Article 12 last sentence.

* subject to the maximum rate which would result from the acceptance of the consolidation offer made for these products within GATT

Article 3

1. For slaughtered pork, the amount of the intra-Community levy is composed of:

- (a) An amount corresponding to the incidence on the cost of feed of the difference between the prices of feedgrains in the importing member country and the exporting member country. This amount is calculated according to paragraph 2 of this present Article;
- (b) A fixed amount.

The addition of this amount to the amount arrived at under (a) can not result in the sum of these two figures exceeding the difference between the average market prices in the exporting member country and the importing member country calculated according to paragraph 3 of this present Article;

- (c) The amount which results from the application of sub-paragraph (b) is modified in order to take account of the cost of transportation, of internal taxes and of refunds of such in the case of export, burden, or which are granted to, the products in question;
- (d) For the possible determination of an amount less than that which results from the application of the preceeding sub-paragraphs, Article 6, paragraphs 1 and 2 apply;

2. The amount referred to in paragraph 1(a) is calculated on the basis:

- (a) of the amount of feedgrains necessary for the production of a kilogram of pork, this amount being the same for all member countries;
- (b) of the composition which is representative for each member country, of the amount mentioned under (a); in the course of the application of the present regulation and at the latest before the expiration of the transition period, a uniform composition of this amount is to be fixed for the Community;

- (c) of the wholesale selling prices of feedgrains, in each member country;

3. (a) The average prices referred to in paragraph 1, sub-paragraph (b) are determined on the basis of the arithmetic average of the purchase prices of which purchases in each member country took place:

- for comparable grades of slaughtered pork
- during the three years preceding the coming into force of the present regulation
- on one or all representative markets
- the wholesale trade.

- (b) In the calculation of the arithmetic average mentioned in paragraph (a) above, adjustments will be made which have become necessary due to the incidence on the prices, during the reference period, of factors independent from the production and marketing of pork and which are apt to distort gravely the comparison of the prices noted in the three reference years.
- (c) If the three-year period does not coincide, in a member country, with the length of a complete price cycle, it can be adjusted.

4. The amounts of the levies referred to in the present article are fixed by the Council, acting unanimously on the recommendations of the Commission.

Article 4

1. For the other products mentioned in Article 1, sub-paragraph (a), the amount of the intra-Community levy is determined for each member country on the basis of the levies fixed for pork taking into account the average existing relationship in each member country between the price of the aforesaid products and the price of pork fixed according to the rules of Article 3.

2. For the products mentioned in Article 1, sub-paragraph (b), the amount of the levies is determined by taking into account:

- (a) for those products made only from pork - of the weighted average of the levies, calculated according to paragraph 1, for these meats;
- (b) for those products made equally of material other than pork, the weighted average of all the levies and taxes paid on imports from member countries on products entering into the manufacture. In addition, the Council acting unanimously on the recommendation of the Commission will fix before June 30, 1962, the additional measures to be applied in the calculation of these levies.

3. The amounts of the levies referred to in the present Article are fixed by the Council acting unanimously on the recommendations of the Commission.

Article 5

1. For each member country the amount of the levies on pork from third countries is made up as follows:

(a) An amount equal to the levy fixed toward a member country where the lowest average price for pork, calculated according to Article 3, paragraph 3, prevails;

(b) An amount corresponding to the difference in the costs of feeding due to the divergences noted between the price of feedgrains in the member country which has the lowest average price of pork calculated according to Article 3, paragraph 3, and the world market price.

In fixing this amount, account is also taken of the rules laid down in Article 3, paragraph 2, sub-paragraphs (a) and (b). This figure is to be fixed in advance for a period of three months. In fixing this amount, it is appropriate to take into account changes in prices of feedgrains in the world market and in member countries during the six months preceding the quarter for which the figure is fixed.

(c) An amount equal, for the first year of the application of the present regulation, to 2 percent of the average offer prices at which imports into the Community from third countries have taken place during the preceding year. In cases where the average offer price is lower than the gate price fixed according to Article 7 for the beginning of the first year of the application of the present rule, it is this gate price which should be used as the basic price. During the following years the percentage is annually increased to 3, 4, 5, 6, $6\frac{1}{2}$ and 7 and is calculated according to the average gate price of the preceding year.

2. As for the other products mentioned in Article 1, sub-paragraph (a), the levies are fixed on the basis of the amounts obtained by applying paragraph 1 of the present Article.

Nevertheless in calculating the amounts indicated in paragraph 1, sub-paragraphs (a) and (b) account is taken of the average of these products and the price of the pork fixed according to the rules in Article 4, paragraph 1.

3. As for the products referred to in Article 1, sub-paragraph (b), the amount of the levies for each member country is determined by taking account notably:

(a) For those in the making of which pork only is used - the weighted average of the levies determined according to paragraph 2 of the present Article, for these meats;

- (b) For those in which products other than pork are also used - to the weighted average of all levies, taxes, and duties of all kinds, levied on the importation of these products coming from third countries;

In addition, the Council acting unanimously on the recommendations of the Commission, will fix before June 30, 1962, the additional provisions to be applied in the calculation of these levies.

4. The amounts of the levies referred to in the present Article are fixed by the Council acting unanimously on the recommendations of the Commission.

Article 6

1. The Commission may authorize a member country, requesting it, to reduce the amount of the levies which would result from the application of Articles 3, 4 and 5. In this case the minimum of the amount levied by one member country toward third countries is equal to the amount of the levies which the member country with the lowest average price for pork, fixed according to Article 3, paragraph 3, applies toward third countries.

2. When a member country takes recourse to the provisions of paragraph 1 of this Article, the amount of the reduction of the levies must be the same for all member countries.

At the same time, the Commission authorizes the other member countries to fix with respect to the aforementioned member country, levies which compensate for this reduction.

In no case may the decrease in levies toward third countries exceed that granted to member countries.

Article 7

1. In order to avoid disturbances resulting from abnormally low offers from third countries, the Council, acting on the recommendation of the Commission, unanimously, during the second stage and by qualified majority thereafter, is to fix a uniform gate price for pork for the Community taking into account the prices of feedgrains on the world market, and a conversion factor representative of third country exports.

Gate prices are determined for the products mentioned in Article 1 by taking account of the gate price mentioned in the first sub-paragraph of this paragraph.

2. Gate prices are to be fixed for three months in advance taking into account variations in the prices of feedgrains on the world market during the six months preceding the quarter for which the gate price is to be fixed.

3. In cases where the offering prices free at the border fall below the gate price, the amount of the levy calculated according to Articles 5 and 6 is to be increased in each member country by an amount equal to the difference between the offering price free at the border and the gate price.

Nevertheless the levy will not be raised by this supplementary amount in regard to third countries which are willing and in a position to guarantee that prices of imports originating with them will not be below the gate prices and that all distortion of trade will be avoided.

4. According to the procedure set forth in Article 20, there is to be determined:

- Gate prices for products other than pork;
- The necessary adjustments of gate prices according to paragraph 2.

The methods for fixing the supplementary amounts provided for in paragraph 3.

Nevertheless these supplementary amounts are determined and collected by member countries which are importers. The member country taking this measure should immediately notify the Commission and other member countries. In this case measures are to be taken in common by the member countries according to the procedure set forth in Article 20.

Article 8

1. For exchanges among the member countries there is fixed for each of them an intra-Community price for pork, calculated by adding to the gate prices for their countries the levies applied toward these countries less the amount mentioned in paragraph 1, sub-paragraph (c) of Article 5.

Taking account of the gate prices referred to in the first sub-paragraph of this paragraph, the gate prices will be determined for the other products cited in Article 1.

2. The intra-Community gate price ceases being in force the moment when, conforming to the provisions of Article 12, the intra-Community levies will have disappeared.

3. When the import price of products coming from a member country, increased by the amount of the levy determined according to Articles 3 and 4 falls below the gate price, the member importing country will increase the levy by an amount equal to the difference between the import price and the intra-Community gate price and immediately inform the Commission.

4. According to the procedure set forth in Article 20, there is to be determined:

- Intra-Community gate prices;

- Methods for determining the supplementary amounts provided for in paragraph 3;
- Measures which member countries take in common in cases of the application of paragraph 3.

Article 9

1. If a member country finds it necessary to intervene on its own market by appropriate measures to lessen an important decline in price, such measures should not be of such nature that they interfere with the application of this rule.

A member country intending to take such measures must, prior to taking action, notify the Commission of what it proposes to do. The Commission may send to this member country, according to Article 22, all useful observations on this subject.

The Commission will likewise see that these measures are applied taking account of the need to promote their progressive coordination on the Community level.

2. On the recommendation of the Commission, the Council will define according to the procedure of Article 43 ^{2/} of the Treaty at the latest four years after the entry into force of this present rule whether common measures of intervention on the market are appropriate and the methods according to which these measures should be taken at the stage of the single market. These measures have as their object to contribute as much as is possible and necessary to the stabilization of both producer and consumer prices.

Article 10

1. A member country, which in accordance with present rules applies levies toward another member country, may on the exportation toward that country rebate:

- Either an amount corresponding to the incidence on the cost of feeding the products referred to in Article 1, the difference between the prices of feedgrain in the member importing country and the member exporting country;
- Or an amount equal to the first and the second amount of the levy toward third countries, as they are determined in Article 5, paragraph 1, sub-paragraphs (a) and (b) and for the products referred to in Article 1, other than pork, by taking account of the rules set forth in paragraphs 2 and 3 of Article 5. In this case, the member importing country has the right to collect a levy equal to that applied by that member country to imports coming from third countries less a third amount called for in Article 5, paragraph 1, sub-paragraph (c).

However, the Grand Duchy of Luxembourg is authorized, in the case of exports toward a member country with lower prices, to rebate an amount equal to the difference between the price of the product delivered free at the border of the member importing country and the price on the market of that member country.

2. These rebates can not exceed the amount of the levy resulting from the possible application of Article 6.

The supplementary levies which may be established under Article 8, paragraph 3, should not be taken into account in calculating the rebates and levies established according to the preceding paragraph.

3. The Commission and other member countries are to be advised of the amount of these rebates.

Article 11

1. When any of the products mentioned in Article 1 are exported by a member country to a third country, this member country may rebate on exportation:

- An amount corresponding to the incidence on the cost of feeding, of the difference in prices of feedgrains in the member export-country and the world market;
- A supplementary amount fixed:
 - (a) During the first three years of the application of the present rule, taking into account the evolution of prices in the member exporting country and on the world market. This amount is determined according to the procedure set forth in Article 20;
 - (b) Beginning with the fourth year taking account of the evolution of prices in the Community and on the world market, this amount can not exceed a maximum amount determined according to the procedure set forth in Article 20.

2. The Commission and other member countries are to be advised of the amount of these rebates.

Article 12

The levies determined according to Articles 3 and 4 are subject to an annual reduction beginning with the second year of the entering into force of the present regulation.

That part of the levy resulting from the incidence of the differences of the levels of the price of feedgrains on the cost of feeding is reduced simultaneously with the adjustment of the level of feedgrain prices.

The other part of the levy is reduced in seven and one-half years at the rate of two-fifteenths per year.

Article 13

Upon recommendation of the Commission, the Council, acting unanimously during the second stage and by qualified majority thereafter, may exclude certain products from the list of products mentioned in Article 1 and may, as far as these products are concerned, abrogate certain provisions contained in these present rules in order to take account of special conditions.

Article 14

1. As far as intra-Community trade is concerned, the collection of any kind of duty, or of a tax with an equivalent effect, except for the reservations in the protocol concerning the Grand Duchy of Luxembourg, the application of any kind of quantitative restrictions, or measures of equivalent effect, on imports as well as exports, including recourse to Article 44 ⁴/₄ of the Treaty, are incompatible with the application of this rule.

2. The application of the system of intra-community levies renders inapplicable Article 45 ³/₃ of the Treaty as well as long-term agreements or contracts which might have been concluded at the date of the application of this regulation.

3. It is incompatible with the application of the system of intra-Community levies that one member country exports to another member country products, mentioned in Article 1 of these rules, in the production of which have entered products mentioned in that Article, which have not been subject to the levies applicable to them in the exporting member country, or which have benefited from a total or partial refund of these levies.

Article 15

1. If in one or several member countries, consequent upon applying the measure related to the gradual establishment of a Common Market organization for pork, the market suffers, or is threatened to suffer, due to imports grave disturbances susceptible to endanger the objectives defined in Article 39 ⁵/₅ of the Treaty, one or all interested member countries may, during the transition period apply the necessary measures of safeguard against the imports of these products to which, according to the present rules, Article 44 ⁴/₄ no longer applies.

The level of protection which would result from the application of these measures should be less than or at most equal to, the level of protection which existed at the coming into force of these rules.

⁴/₄ Article 44 permits the internal use of a minimum price import scheme in lieu of quotas.

⁵/₅ Article 39 defines the objectives of the common agricultural policy.

2. The interested member countries are obliged to notify the Commission and the other member countries of these measures at the latest time of their coming into force.

Member countries, which apply these measures should make the necessary arrangements so that merchandise in transit is not affected. In case of a closing of the frontier there should be a grace period of no less than 3 days. The member countries should be ready to engage immediately in negotiations in order to seek provisional arrangements so that exporters do not suffer excessive damage which could be avoided.

The Commission and the other member countries are to be immediately notified of these arrangements.

On the basis of the provisions of paragraph 1, the Commission, after consultation with member countries within the Administrative Committee will decide through emergency procedure and within a maximum period of 4 working days following the notification mentioned in the first sub-paragraph of this present paragraph whether these measures should be maintained, modified, or abolished. The Commission may equally decide on measures to be applied by the other member countries.

The decision of the Commission is communicated to the member countries involved and to the other member countries. It is to be immediately put into effect.

3. Each member country may postpone, within a maximum period of 3 working days following the notification, the decision of the Commission transmitted to the Council. The latter will meet immediately. It may with a qualified majority on the basis of the provisions of paragraph 1, modify or annul the decision taken by the Commission.

4. Each measure of protection affecting trade between member countries is simultaneously applied to the relations with third countries, due account being taken of the principle of community preference.

Article 16

Beginning with the application of the system of levies and subject to the provisions of Article 10, Articles 92 to 94 ^{6/} of the Treaty apply to the production and trade of the products enumerated in Article 1 of this present rule.

^{6/} Article 92 relates to aids to be granted by member states and Article 94 provides that the Council, acting by means of a qualified majority vote on a proposal of the Commission, may make appropriate aids regulations. A qualified majority is 12 votes in cases where a previous proposal of the Commission is required or 12 votes including a favorable vote by at least 4 members in all other cases out of a total of 17 votes, comprising 1 for Luxembourg, 2 each for Belgium and the Netherlands, and 4 each for Germany, France, and Italy.

Article 17

The member countries will take all measures in order to adjust their legislative, regulatory, and administrative systems in such a way that the provisions of these rules, unless otherwise stated, may take effect on July 1, 1962.

Article 18

1. The application of the system of levies toward third countries entails the abolition of the collection of all tariffs or taxes of like effect on imports from third countries. The application of the system of levies toward third countries entails, except for the reservations in the protocol concerning the Grand Duchy of Luxembourg, the abolition of all quantitative restrictions or measures of like effect on imports from third countries unless the Council acting with a qualified majority upon the recommendation of the Commission decides otherwise.

Article 19

1. There is created an Administrative Committee for pork, hereafter called the Committee, composed of representatives of member countries and presided over by the representative of the Commission.

2. Within the Committee member votes are weighted according to Article 148 7/, paragraph 2, of the Treaty. The Chairman does not vote.

Article 20

1. In the case where the provision of these rules expressly foresees the application of the procedure defined in this present Article, the Committee is convened by its Chairman, either on his own initiative or at the request of a representative of a member state.

2. The representative of the Commission submits a project concerning measures to be taken. The Committee gives its opinion about these measures within a period fixed by the Chairman in view of the urgency of the questions submitted for examination. The Committee decides with the majority of 12 votes.

3. The Commission decrees measures which are immediately applicable. If these measures are not in accordance with the opinion of the Committee these measures are immediately communicated by the Commission to the Council.

In this case, the Commission may, for a maximum period of one month following such communication, postpone the application of the measure on which a decision has been taken. The Council may, with a qualified majority, take a difference decision within a period of one month.

7/ Weights are Belgium 2, Germany 4, France 4, Italy 4, Luxembourg 1, and the Netherlands 2.

Article 21

The Committee may examine any other question raised by its Chairman, either on his own initiative or at the request of a representative of a member state.

Article 22

At the end of the transition period the Council, acting with a qualified majority upon a recommendation by the Commission, will decide in view of past experience on the maintenance or modification of the provisions of Article 21 above.

Article 23

The date of the application of the system of levies introduced by these regulations is fixed for July 1, 1962.

These rules are in every respect binding and directly applicable in each member country.

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